

The Treasury periodically pays to the Corporation sums representing concessions made to ex-servicemen who obtain loans from the Corporation proper for the purchase of houses and farms, and the Audit Office passes the relative claims upon certificates given by the Corporation's auditors.

The Corporation has also an agency in respect of the Housing Account, but, as the relative transactions are readily identifiable in the books of the Corporation, the Audit Office will continue to undertake their audit, and also those of the accounts of the Rural Intermediate Credit Board, which are kept by the Corporation.

Land and Income Tax Department

On account of the size of this Department, which makes detailed audit check impracticable—accounts of some four hundred thousand income-tax payers, forty thousand land-tax payers, and the accounts of social-security-tax payers are on its books—the state of the system of internal check is of vital concern from the audit as well as the departmental point of view.

In recent years the operation of certain important phases of the internal check has been deferred by the Department pending a hoped-for improvement in its staff position, but it now appears unlikely that this hope will be realized in the near future. The position will therefore remain unsatisfactory.

Marketing Department

Export and Internal Divisions.—A continuous audit of the transactions of these Divisions is being maintained. In recent years the accounts of the Internal Division were advantageously affected by contracts for supplies for the Armed Services, and adversely by transactions involving sales of certain foodstuffs under cost for stabilization purposes. The amount of at least one of the resulting losses (some £50,000 in connection with Tasmanian potatoes imported during 1945–46) is to be recouped from War Expenses Account under Cabinet direction, but other losses (such as £35,000 in connection with egg-pulp from Australia) are borne by the Division.

In 1937 the State, as represented by the Internal Marketing Department, purchased a business which dealt principally in dairy-produce. The Department continued the business until December, 1941, when it merged some of the relative activities in a company known as Combined Distributors, Ltd., in which it acquired 135 out of 400 shares and from which it received annual dividends of up to £7,942. The business was recently disposed of to a producers' co-operative company, to be known as Farm Products Co-operative (Wellington), Ltd., the capital of which is to equal the value of certain assets handed over, but excluding goodwill, and is to be subscribed equally by the Department and a representative of the producers. The Department did not desire to obtain from the new company right to a profit or dividend from its share of the goodwill of the old company, though it was this goodwill, rather than tangible assets, which had produced the very much greater part of the